

PUBLIC HEARING ON NOTICE OF  
PREPARATION OF AN EIR  
PRC 421 RECOMMISSIONING PROJECT

REPORTER'S TRANSCRIPT OF PROCEEDINGS,  
taken at 5679 Hollister Avenue, Goleta, California,  
commencing at 4:10 p.m., Thursday, June 23, 2005, before  
TAMARA LECKIE, CSR NO. 8935.

FILE NO. 71405

1       A P P E A R A N C E S:

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3           STATE OF CALIFORNIA  
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15       ALSO PRESENT:

16       NICOLE HORN  
17       JAMES R. HEMPHILL  
18       CHANDRASHEKAR BASAVALINGANADODDI

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1 GOLETA, CALIFORNIA; THURSDAY, JUNE 23, 2005;

2 4:10 P.M.

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6 MR. GILLIES: Okay. I think we're going to go  
7 ahead and get started.

8 Welcome, everybody, to the PRC-421  
9 Recommissioning Hearing. Sign-in sheets are on the  
10 counter over here, if you haven't signed in yet; and  
11 there are speaker slips, green speaker slips if you want  
12 to speak on the project. If you don't want to speak, you  
13 can use those slips to write your comments down, if you  
14 wish.

15 I'm Eric Gillies. I'm an environmental  
16 scientist with the California State Lands Commission.  
17 I'm a project manager on this project. We will be  
18 working with the County and City on this project. Nicole  
19 will be -- I'll be working with her on review of this  
20 document and as we proceed through the CEQA process.

21 The format of the meeting -- basically the  
22 first part is gonna be a scoping meeting to discuss the  
23 project, to go over the project proposed by Venoco. See  
24 Greig here representing Venoco. He'll do a short  
25 presentation following my introduction here.

1           The focus of the meeting is to get public input  
2   on what issues and concerns there are and what we need to  
3   address in the document. The meeting isn't to be for or  
4   against the project. It's just to get -- scope of the  
5   hearing is basically to get input from the public as far  
6   as their concerns, and then we'll make sure they're  
7   addressed in the environmental document.

8           We'll be transcribing the meeting to make sure  
9   we get all the comments that people have and make sure  
10   they're recorded accurately for the environmental impact  
11   report.

12           After the -- this public meeting adjourns,  
13   we're going to have a bidders conference with prospective  
14   consultants that we're going to hire and prepare the  
15   environmental document. After that, then we're going to  
16   have a 6 o'clock meeting, another public scoping. If  
17   somebody was unable to make the 4 o'clock, we have a  
18   second one, just cover the same material. But we won't  
19   do a bidders conference. It's just at 4 o'clock.

20           So basically that's the format. I just wanted  
21   to ask if anyone has any questions as far as what the  
22   focus is today. Okay.

23           Okay. We published a notice of preparation on  
24   June 3rd, we submitted it to the State clearinghouse,  
25   sent it to the various State and Federal agencies,

1 interested parties, and we put a notice in the local  
2 newspapers, The Valley Voice and the Santa Barbara  
3 News-Press. The final period is July 5th. I believe  
4 that's on a Tuesday, the day after 4th of July.

5 And then if there's anybody you think should be  
6 here, if you could please let me know, you can write it  
7 on the speaker slip, and then we can get this information  
8 to them.

9 And then if you don't -- if you don't wish to  
10 talk today or -- or write your comments, you can put your  
11 comments in writing by July 5th. And then we also accept  
12 e-mail comments, if you prefer that. Sometimes it's  
13 easier just to send an e-mail. And we accept those  
14 comments, as well.

15 After the NOP process, we're gonna work with  
16 the City and County and go through the consultant  
17 selection process, and then we're gonna schedule  
18 interviews for July 23rd. When we get the proposals, we  
19 pick the top three. We interview the top three, and then  
20 from that we will hire a consultant to prepare the  
21 environmental document. And we anticipate the  
22 environmental document, the draft document, to go out by  
23 the end of the year or the first of next year.

24 And then, again, there will be another public  
25 scope -- public hearing on the document for its advocacy.

1 It's probably gonna be here. This is good for public  
2 meetings. And then we'll take comments, prepare a final  
3 document, environmental report, and then from that it  
4 will go to our Commission probably in April or June of  
5 next year to be considered by the Commission.

6 And basically that's kind of the process we're  
7 gonna be going through. And I just wanted to ask if  
8 anybody has any questions as far as our procedures, if I  
9 missed anything or --

10 Yes.

11 MS. MASSEY: I guess you'll probably need to 10-01  
12 know who I am. I'm Barbara Massey. I'm a resident of  
13 Goleta. And I was wondering how much the City of Goleta  
14 will be involved in the process.

15 MR. GILLIES: They are gonna act like a -- as a  
16 responsible agency, just like --

17 MS. MASSEY: Just reviewing it, the --

18 MR. GILLIES: But, actually, they're gonna be a  
19 little more involved as far as reviewing administrative  
20 drafts. We're going to be working closely with them.  
21 But their role -- the Commission is the legal CEQA lead,  
22 and they're gonna be acting as a party, just like  
23 State agencies, but have a little more involvement and  
24 review some. And it's gonna be good because it will be  
25 an opportunity for us to work with the local agencies.

1 Yes.

2 MS. CONN: And will the Coastal Commission  
3 review this project?

4 MR. GILLIES: Yes. And it will have to go  
5 before the Coastal Commission.

6 Okay. Any other questions?

7 Then I'm going to go ahead and turn it over to  
8 Greig and -- or Steve, sorry. Steve Greig -- let him  
9 kind of go through the project and then following that I  
10 see we got some speaker slips. We'll -- you'll have an  
11 opportunity to provide comments.

12 MR. GREIG: Yeah. Everybody here doing okay?  
13 Great.

14 I'm Steve Greig. Hi. I know a lot of you.

15 I'm going to go through just a real brief  
16 description of the project, with the idea that if you  
17 have specific questions, bring them up and we can -- I  
18 can try to address specific questions about the project.  
19 So at the risk of -- or in the hopes of not boring folks  
20 too much, I'll be relatively brief. But if you've got  
21 any other questions, bring them on.

22 (Mr. Hemphill and Mr. Basavalinganadoddi  
23 enter the proceedings.)

24 MR. GILLIES: Can you hang on for a second,  
25 Steve?

1 MR. GREIG: Sure.

2 MR. GILLIES: I just wanted to introduce James  
3 Hemphill and Chandra. They're from our Mineral Resource  
4 Management Division in Long Beach.

5 And I think you got stuck in traffic, huh?

6 MR. HEMPHILL: Yes, we did.

7 MR. GREIG: It will -- the project is -- as  
8 Eric stated, is to return a -- an existing pier and  
9 production well to production. There's a -- there's an  
10 aerial photo on the wall. Currently there are two piers  
11 that are located on the surf zone area just below  
12 Sandpiper Golf Course.

13 The -- the one -- actually, Eric, if you want  
14 to bring it over here, that might be easier.

15 The -- the one closest to the plant -- this is  
16 the old onshore facility where the oil and gas produced  
17 from Platform Holly is processed. The oil that's  
18 produced from the platform comes in here, it's in the  
19 water, it's sent through a pipeline down to a marine  
20 terminal, down in this area over here. The gas is  
21 processed. It's sales quality. It goes to into a  
22 pipeline and it's sold to the Southern California Gas  
23 Company right around this location.

24 The two piers that are the subject of this  
25 project are these two surf zone piers. This has been



1 historically a producing well, so there's a single well  
2 on each pier. The -- they've been here since about 1928.  
3 And back in the '20s and '30s, there were dozens of piers  
4 that lined this part of the coastline. They were  
5 producing for the Elwood Field, which was a very prolific  
6 oil and gas field. They -- they were operating until  
7 about 1994. And at that point the -- there was a  
8 pipeline leak in the pipeline that brought the oil from  
9 this pier into the pipeline that goes to the marine  
10 terminal, it -- at this location in Sandpiper Golf  
11 Course, right around the 12th green -- or the 12th tee  
12 box.

13               So the way the facilities were configured at  
14 that time, it was an aboveground pumping unit, one of  
15 those big horse head kind of things, that was located on  
16 this pier. The production from this pier -- it's called  
17 421-2. So it's -- this is 1 and this is 2. So from 2,  
18 the production came out into a six-inch pipeline, it came  
19 over to 421-1. At 421-1, there was a separation unit, so  
20 it would separate the water, the oil and the gas. There  
21 was a very, very small amount of gas that was ever  
22 produced with this field. So it was essentially water  
23 and oil that was separated.

24               The water went into a large storage tank that  
25 was also on this pier, and then the oil, which, at that

1 point, was sales quality, went into the pipeline, an  
2 existing six-inch pipeline, that ran next to the onshore  
3 facility into Line 96, which is the -- the pipeline that  
4 takes the Holly production from this facility over to the  
5 marine terminal for sale on the barge. Okay? So that's  
6 how it was configured.

7 Our proposal is instead of having an external  
8 pumping unit on this pier and oil and water and gas  
9 separation on this pier, both of which would be over the  
10 surf zone, the technology is -- has allowed for  
11 development of what are called electric submersible  
12 pumps. So instead of one of those big horse head things,  
13 you can actually build a pump that's about the size of a  
14 well bore that goes down several thousand feet, and that  
15 becomes your pumping mechanism to get the production out  
16 of the ground.

17 So this pier would remain completely flat, it  
18 would -- it would have a little bit of a well head on  
19 top, but essentially it would look as it looks today.

20 The oil water and gas would go from that  
21 operation onto 421-1, in their -- instead of the large  
22 vessels that used to be used, they have much smaller  
23 vessels that are called hydrocyclones. It's a technology  
24 that allows for two-phased separation, and then  
25 separates -- which would be the separation of the gas

1 from the oil and water, and then further separation of  
2 the oil from the water. So there would be two small  
3 hydrocyclones on that pier. They're about the size of  
4 this table.

5 So it's a -- it's a much smaller operation  
6 from -- with that process in place, the -- the gas and  
7 the water would be recombined and reinjected back into  
8 the 411 -- the 421-1 well -- say that four times --  
9 and -- and so the water and the gas would go down into  
10 the reservoir that it has historically gone into. The  
11 oil, again, would be pipeline quality. It would go into  
12 a repaired pipeline.

13 The -- the six-inch line that currently runs  
14 from this pipeline down to the pier, has some places  
15 where it's been -- there's some integrity issues. But it  
16 makes for a great location to put in the new pipeline.  
17 So it's -- it -- we're looking at it as a  
18 repair/maintenance operation. We'd sleeve that old  
19 six-inch line with a two-inch line. That gives us plenty  
20 of capacity to produce the oil that we think is there,  
21 and it essentially turns it into a -- a double-walled  
22 pipe.

23 So that in the event that the two-inch line  
24 would ever form a leak, then there would be a brand new  
25 pipe. But in the event that it were to ever form a leak,

1     that leak would be contained in the existing six-inch  
2     line.  So it gives us protection against any type of  
3     potential oil spill.

4                 From there, the -- the oil would go into this  
5     pipeline and go off just like it has always historically  
6     done, go to Line 96 and then off to the marine terminal.

7                 So that a couple of the components of this  
8     project would be the -- the electric submersible pump  
9     into the 421-2 well, because it's an electric pump.  
10    Another major component of the project is we need to  
11    provide electricity out to this -- out to this pier,  
12    which it doesn't currently have.  So there would be a --  
13    it's in the project description.  I -- like 580 kilowatt  
14    cable.  I'm looking at James like he would just pop that  
15    right off.

16                Yeah.  Anyway, there would be a cable and  
17    enough power to run this electric submersible pump and it  
18    would be put in a separate trench down the road.  Venoco  
19    has easements all the way from the plant out along where  
20    the pipeline's run, everywhere where we're putting any  
21    type of equipment would be on Venoco easements or Venoco  
22    property.  So there's no other property owners involved.

23                I'm trying to think if there's something else  
24    that I can tell you about.  I think that kind of sums it  
25    up.

1 Any questions on the project?

2 MR. GILLIES: Did you say there's about 12  
3 years of production out there?

4 MR. GREIG: Yeah. We've done some analysis on  
5 the -- and of the way the reservoir is set up, and these  
6 are the last two wells on this huge Elwood Field that has  
7 been out there for -- well, it's been produced for almost  
8 100 years. But because it's been kind of there for as  
9 long as it's been and because we haven't produced it for  
10 a -- for a while in the intermittent times along the way,  
11 it looks like we can, if we are allowed to produce this  
12 kind of at the most efficient way possible, we can be  
13 done producing it in about 12 years, 10 to 12 years. And  
14 at that point, assuming that oil prices are anywhere  
15 close to what they are now, it will be -- it will be  
16 done, and the piers will be removed, the wells will be  
17 abandoned, they will all be gone.

18 MS. MASSEY: Steve.

19 MR. GREIG: Yes.

20 MS. MASSEY: You know I always have questions.

21 MR. GREIG: Sure.

22 MS. MASSEY: I read this over a week ago, so I  
23 don't remember everything that I read. But the six-inch  
24 line that are running from the piers on to connect, are  
25 they above ground?

1 MR. GREIG: Below ground.

2 MS. MASSEY: Okay. Next question is: Do you 10-02  
3 know the integrity of the six-inch lines that you're  
4 going -- you're calling the double-walled thing? Because  
5 if they aren't completely --

6 MR. GREIG: Right.

7 MS. MASSEY: -- sealed, you don't have a double  
8 wall like you really --

9 MR. GREIG: We've checked it, and there will  
10 probably be -- we may or may not have to build up the  
11 integrity of that line. We may actually seal up the  
12 double wall, depending on kind of what the integrity  
13 looks like. But at this point, the -- the main purpose  
14 is the two-inch line, the new line, will -- will increase  
15 the protection of the six-inch line by increasing the --  
16 the protection, and then will -- the two-inch line will  
17 be a coated line with protection on it, as well.

18 MS. MASSEY: Thank you.

19 MR. GREIG: Any questions?

20 Yes.

21 MS. FRISK: When would you actually expect to 10-03  
22 start the project?

23 MR. GREIG: Well, if we go to the Commission in  
24 April or June, depending on what other ancillary permits  
25 we have to get or approvals, if we go through the Coastal

1 Commission -- let's say it takes through 2006 to get  
2 approval, it's about a 45-day construction period, so  
3 it's pretty short.

4 MS. FRISK: So you're talking January or  
5 sometime in early 2007?

6 MR. GREIG: Yes.

7 MR. GILLIES: I think --

8 MS. HORN: Steve, I think that you -- well,  
9 your project description calls out that the separation  
10 lines will be on 2.

11 MR. GREIG: On 2. I'm sorry. Did I say 1? So  
12 the hydrocyclenes will be on this pier.

13 Okay. Thanks.

14 MR. SANGSTER: I am David Sangster. There's  
15 not a very big picture of the pier. I assume you can't  
16 afford photography or -- and basically the sum is that  
17 the two tables on one thing and a -- a well head?

18 MR. GREIG: I'm sorry? Say that again, David.

19 MR. SANGSTER: The total sum of the components 10-04  
20 on this project is the -- the well head and the two  
21 tables?

22 MR. GREIG: Yes. There will be a well head on  
23 421-2, there will be those two hydrocyclenes that I  
24 mentioned, and then there will be a well head on 421-1  
25 that will be an injection one. I think that's it.

1                   Anything else?

2                   Great.

3                   MR. GILLIES: This is what Venoco's proposing.  
4   The environmental document will have -- well, the NOP has  
5   alternatives in document. The alternative for the  
6   processing to occur on the Elwood onshore facility and  
7   then the no project alternative. But I got a call from  
8   Dave Sangster, and I think it's a good idea that we're  
9   gonna have a third alternative, would be the no project  
10  alternative and abandonment and removal of the  
11  infrastructure. And have that anyways because the no  
12  project is basically the status quo, the facility's gonna  
13  stay out there and --

14                  MR. GREIG: You know what? I would suggest  
15  that we take the comment and acknowledge that we got the  
16  comment, but I wouldn't commit to doing that at this  
17  particular meeting.

18                  MR. GILLIES: That alternative?

19                  MR. GREIG: Right.

20                  MR. GILLIES: I think it -- okay.

21                  MS. CONN: Wait a minute. Who's in charge?

22                  MR. GILLIES: Yeah. We are going to include  
23  it, because the no project alternative, taking up the  
24  infrastructure would have an impact, so we want that  
25  analyzed. So we are gonna --



1 UNIDENTIFIED SPEAKER: So can you repeat that  
2 third alternative?

3 MR. GILLIES: It's going to be the no project  
4 and then abandoning the facility and removing all the  
5 infrastructure. Because I think it's important because  
6 if -- let's say that project was selected, that would  
7 have impacts on its own. So it would be different from  
8 the no project. So we want to make that clear. And I  
9 think it would -- it would benefit Venoco, as well,  
10 because if the project is approved, let's say then in 10  
11 to 12 years, when we abandon it, you've had documentation  
12 on whatever -- you know, the environmental assessment of  
13 removing the facility. So it's providing baseline  
14 information.

15 MS. MASSEY: It wouldn't be adequate assessment 10-05  
16 of at that point because 10 years down the line you're  
17 going to have a lot of different --

18 MR. GILLIES: Yeah. But it's a start. It's  
19 something to go back to.

20 MS. MASSEY: I always have concerns about when  
21 you do that, because then the applicant usually uses that  
22 saying, "Well, this is all we were told we need to do,"  
23 no matter how many years later it is.

24 MR. GILLIES: Well, it's going to go through  
25 the different -- go through a separate CEQA analysis, so

1     it -- we would be doing probably another EIR and going  
2     through the scoping. But it at least provides a baseline  
3     that it's a valid abandonment plan. Then -- okay.

4             If there's no other comments on the project,  
5     we'll go ahead and start with speakers.

6             And you could just speak for me. We requested  
7     the PA just in case, but I think the forum here is just  
8     fine. I think everybody can hear each other.

9             Diane Conn.

10            MS. CONN: Diane Conn.

11            MR. GILLIES: Citizens for Goleta Valley.

12            MS. CONN: Here. So I'll stand to the side.

13            Nice. Good to see everybody here.

14            I'll -- I just wanted to ask some real basic,  
15     general questions here and then I'll be submitting  
16     comments to the State Lands Commission.

17            And one, which is -- has nothing do with this  
18     hearing, but I'll throw it out anyway, it would be nice  
19     to know where the EIR for the barge lease is at. And --

20            MR. GILLIES: The what? Sorry.

21            MS. CONN: The EIR for the barge lease for the  
22     marine terminal.

23            MR. GILLIES: For the marine terminal? I'm not  
24     the project manager on that.

25            MS. CONN: Okay. But just for the record,

1 would be nice to know.

2 UNIDENTIFIED SPEAKER: I could answer that, if  
3 you want. Joanne Lerdi, the marine research specialist,  
4 will be preparing that EIR. And we're currently work the  
5 on the admin draft, and I think we're scheduled for  
6 sometime -- there is a little bit of slippage -- probably  
7 the end of July.

8 MS. CONN: Okay. And then once you get the  
9 admin draft done, then they're gonna --

10 UNIDENTIFIED SPEAKER: Right. That will go  
11 through the review and then go public after that.

12 MS. CONN: Some of the things I am concerned  
13 about is, from what I understand, there is quite a bit of  
14 environmentally-sensitive habitat around that area,  
15 including wetlands. And right now, at the time for  
16 evaluating wetlands is pretty much past. And so I'm just 10-06  
17 concerned that whatever ESHA has evaluated in that area,  
18 that it's done at the appropriate time, and that we don't  
19 get an evaluation of a wetland in January. So I think  
20 that's gonna be important for -- to have some discussion  
21 on that.

22 And, you know, in my experience in this county  
23 and throughout the state, you know, we -- we have this  
24 impression that if there's an accident Clean Seas is  
25 going to come out and clean it up. But the majority of

1 time the accidents, especially the large ones, Clean Seas  
2 is completely ineffective, and either we're back to  
3 throwing straw on the ocean and collecting it or it just  
4 gets dispersed into the ocean, where it then goes down  
5 and begins to, you know, degrade our entire marine  
6 habitat.

7           So I'd like to see a really clear evaluation  
8 of -- of when Clean Seas has actually been effective or  
9 ineffective and to what degree and what -- so what can we  
10 expect to see if there is an accident at 421, especially  
11 in a storm. As we all know, when the shit hits the fan,  
12 it's usually not under ideal circumstances. So I think  
13 it's gonna be -- we're gonna be -- you know, the  
14 community's really gonna need to understand that.

10-07

15           And the other issue I think that is really  
16 critical on this project is a real clear evaluation of  
17 the integrity of that structure. It's very old. When  
18 the accident happened there wasn't -- I think that was in  
19 the transition when Venoco was purchasing it from Mobil.  
20 And, you know, it was just kind of plugged up and then  
21 later we had -- there was another accident there with the  
22 gas leak gets plugged up, and then they just reinforced  
23 the wall. So we've had a series of kind of emergency  
24 repairs, which are, of course, not ideal.

10-08

25           What you really want to have is maintenance.

1 And so we read to have a really full understanding of the  
2 integrity of that structure and how it's going to fair in  
3 1 year, 2 years, 12 years.

4 So on a broad overview, those are my concerns,  
5 and I appreciate your coming here to hear us.

6 MR. GILLIES: Okay. Well, thanks, Diane.  
7 Appreciate it.

8 Carla Frisk.

9 MS. FRISK: I'm going to sit, if that's all  
10 right.

11 MR. GILLIES: That's fine.

12 MS. FRISK: Can everybody hear me?

13 I'm here today on the Board of Directors of Get  
14 Oil Out. I'm representing Get Oil Out today. And I have  
15 just a couple comments, and maybe a question.

16 And I think it, as Diane raised, I guess from  
17 GOO's perspective, this pipeline broke in 1994, and there  
18 was the opportunity to do some repair to it, and to clean  
19 up the spill, and then everybody kind of dropped the ball  
20 and nobody did anything for six years, until -- until  
21 there started to be leakage again.

22 And I guess, from GOO's perspective, the State  
23 Lands Commission should've stepped in and said, "You have  
24 to fix this or abandon it or do something now," rather  
25 than waiting six years until there was another problem

1 with it. I guess that's just a comment on the process  
2 being inadequate in that -- in that sense.

3 GOO has a lot of concerns about a lot of the  
4 oil facilities that we have that are aging. As you  
5 pointed out, some of these were put in a long time ago.  
6 I mean, it sounds like in many ways the project has  
7 been -- is being reconstructed. There are lines being  
8 sleeved, so it -- effectively it's like a new line. The  
9 separation facility is gonna be new. I mean, a lot of  
10 this is going to be new. And I think, in that sense, we 10-09  
11 need to look at this as though it were a brand new  
12 facility, not just a recommissioning of the existing  
13 facility, because so much of it's being new. And I think  
14 it needs to be clear in the EIR what is new and what  
15 is -- what is still from that old time frame.

16 I know that piers, parts of them have been  
17 rebuilt recently. So I think part of that analysis has  
18 to be, if there were nothing there, an oil company came  
19 in to propose this project as though it never existed,  
20 what would be the difference between that and the  
21 analysis that we're -- that we're having on this. Where  
22 does that difference come in?

23 A second concern, that's always a huge concern,  
24 about risk of oil spill anytime we have oil production in  
25 the ocean. And, of course, that risk is extremely

1 magnified given the location of these wells right in the  
2 surf zone. And as Miss Conn mentioned, the location of  
3 environmentally-sensitive habitat in that area. So  
4 that's something I think has to take -- a really good  
5 look has to be taken at that.

6 Air quality, of course, is always an issue that  
7 needs to be looked at.

8 And then a third issue that I still haven't  
9 quite been able to figure out, I mean, it does relate to  
10 the marine terminal lease, and I didn't get to spend as  
11 much time with this NOP as I would like to have, but I  
12 couldn't seem to find it anywhere in there. I am  
13 assuming that once the oil, as Mr. Greig says, gets to  
14 Line 96, it just goes off to the Elwood Marine Terminal  
15 and out by barge.

16 MR. GREIG: Yes.

17 MS. FRISK: So that lease is up in 2013. My  
18 understanding from my notes is it's a 30-year lease in  
19 1983. We are going through a process that should've  
20 occurred almost 20 years ago, with a renewal of the lease  
21 that's never been officially reviewed, it's just on a  
22 month-to-month basis. So right now we're in the process  
23 of having a review of the marine terminal lease. If one  
24 makes the assumption that that will be renewed in any  
25 case, that lease is going to disappear in 2013, and I

1 believe the lease for the tanks is shortly thereafter.  
2 So the question needs to be -- and that's only six years,  
3 if the project starts in 2007, if you actually start  
4 seeing oil flowing from there.

5 So the question is, you know: What does that 10-11  
6 mean? Does the production stop after six years or what  
7 happens to -- what happens after the year 2013? So I  
8 think that that needs to be looked at very carefully.

9 And I think those are the main issues that have  
10 come to mind to date. Besides, you know, all the other  
11 ones that staff has already reviewed in the document.

12 MR. GILLIES: Well, thank you. I think those  
13 are good comments.

14 Connie Hannah.

15 MS. HANNAH: Hannah. Yeah. Thanks.

16 I'm going to stand up in the hope that later  
17 people will do the same, because it may be hard to hear  
18 some people if they sit where they are.

19 I wrote a statement, that I will hand in today,  
20 after reading the NOP.

21 And I'm Connie Hannah, speaking as a Goleta  
22 resident, who's been concerned about coastal protection  
23 for a long time. I believe that the no project 10-12  
24 alternative with abandonment added should be the  
25 preferred alternative for this project.



1                   As everyone has pointed out, these are very old  
2       wells, drilled in '28. They presented so many problems,  
3       including an oil spill in 1993, that they were totally  
4       shut down in 1994. Even after they were completely shut  
5       down, they experienced a methane gas leak in November of  
6       2000, followed by a leak of 15 gallons of oil. During  
7       February 2004, a retaining wall that was protecting the  
8       piers collapsed, threatening the integrity of the piers  
9       and emergency repairs were authorized at that time.

10                  This well is too old and is clearly placed near  
11       shore, so that any oil spills would be catastrophic to  
12       the adjacent shore area. The entire Venoco processing  
13       facility, including the marine terminal, have been in a  
14       nonconforming use for a long time and a source of ongoing  
15       problems. Any further production will only complicate  
16       phasing out the entire proceeding.

17                  It has been rezoned for coastal recreation, so  
18       any new production conflicts with the City of Goleta's  
19       land use planning for this area. Any further degradation  
20       of the property could prevent its use for recreation for  
21       many years.

22                  I hope you will give special attention to the       10-13  
23       hazardous materials, land use planning and geological  
24       resources sections, because I think that in those three  
25       areas the impacts will meet the significance criteria.

1 Certainly biological resources and water resources  
2 should, as well.

3 Thank you for accepting my input.

4 MR. GILLIES: Thank you.

5 Jean Holmes, League of Women Voters of Santa  
6 Barbara.

7 MS. HOLMES: I'll follow Connie's -- I'll  
8 follow Connie's precedent here.

9 Santa Barbara League of Women Voters  
10 appreciates this opportunity to comment on the EIR for  
11 the proposed reactivation of PRC 421. We think it's  
12 important that meetings such as this one be held locally,  
13 so that concerned citizens can provide input.

14 The League would like to note certain segments  
15 of the EIR which we think merit special attention.

16 Air quality. The project would be located 10-14  
17 close to an area that has become urban since oil was  
18 first produced from 421 in 1929. A few years back, the  
19 proximity of homes made air quality problems at the  
20 nearby Elwood onshore facility a major concern, leading  
21 to numerous remediations being required there.

22 Biological resources. The scoping document 10-15  
23 notes the biological richness of the area. It is  
24 important to recognize also that the University of  
25 California conducts research in adjacent waters.

1                   The document notes the reasonable possibility                   10-16  
2     of an oil spill. Spills so close to shore must be  
3     virtually impossible to contain before they impact  
4     resources. The League recommends mitigations such as  
5     frequent inspections of this old facility and a stress on  
6     training and testing of personnel to replace -- to reduce  
7     the human error factor.

8                   Cumulative effects. This is always an                   10-17  
9     important section. There are a number of speculative  
10    considerations here, such as the lease renewal of the  
11    Elwood Marine Terminal and the full field development  
12    proposal for Platform Holly. The extension of the Gato  
13    Canyon lease in federal waters is another unresolved  
14    possibility.

15                  And last, but not least, the alternatives               10-18  
16    analysis. The no project alternative -- this was  
17    written, of course, before I heard your amendment today.  
18    The no project alternative should be given careful  
19    consideration. Well 421-2 has leaked both methane and  
20    oil in the past and, as noted, its location is no longer  
21    remote from homes and other development. The seawall  
22    needed emergency repairs last winter, and the basic  
23    project was built a long time ago. Indeed, the  
24    appropriateness of the oil industry at Elwood in general  
25    has been in a question for some time.

1                   MR. GILLIES: Thank you, Jean. Is that -- do  
2   you have a copy?

3                   MS. HOLMES: I have a copy for you.

4                   MR. GILLIES: Great. Thank you.

5                   MS. HOLMES: You don't need an electronic, in  
6   addition, do you?

7                   MR. GILLIES: No. What we usually do is just  
8   hand them in.

9                   MS. HOLMES: Or I can send you one.

10                  MR. GILLIES: Sure. If you have my e-mail,  
11   that would be great. Thank you.

12                  MS. HOLMES: I presume it's here.

13                  MR. GILLIES: Huh?

14                  MS. HOLMES: I presume it's here?

15                  MR. GILLIES: Yes, it's in there. So --

16                  MR. HOLMES: Yeah.

17                  MR. GILLIES: Yeah.

18                  MS. HOLMES: Yeah.

19                  MR. GILLIES: And I believe one more.

20                  David Sangster.

21                  MR. SANGSTER: Yeah. I'm just gonna put my --  
22   most of my comments in writing. But I have large  
23   concerns about the -- you know, the structural stability  
24   of the two platforms. I mean, they're repaired -- they   10-19  
25   built a wall in front of PRC No. 1. PRC No. 2 has

1 exposed rebar at the base, and the wall is about ready to  
2 fall off. One of the corners fell off in November.

3 Steve did mention that they're going to replace  
4 the same wall on the other platform. Has that been taken  
5 out of the project or is that still in the project, the  
6 second wall?

7 MR. GREIG: Still in the project.

8 MR. SANGSTER: It's kind of vague, isn't it? I  
9 mean, that was -- how many months did it take to build  
10 that? Took several months and there was several delays  
11 and there was several setbacks, and they changed -- it  
12 changed, a couple months or a month or so, when they  
13 stopped the activity.

14 Towards the end of the building of the wall in  
15 front, I was on the beach, and I noticed oil between the  
16 wall and the old wall, and I reported it. They sent down  
17 their monitors, couldn't see anything. You know, I told  
18 them I have to go at low tide, when it accumulates, not  
19 at high tide, when it's being flushed out.

20 I went back again in the evening one time, took  
21 a picture, sent that off. They were down there.  
22 Finally, after one week of oil spill, they essentially  
23 found, you know, the cause. It was coming out of the  
24 front of the platform. This is November 2004.

25 I got letters from the City of Goleta saying,

1 well, they're gonna have monitors daily, they're going to  
2 be collecting the oil. It's not a question if they have  
3 an oil spill. They had an oil spill in November. They  
4 finally came up with excuses and -- and things that said  
5 there's like one cup of oil.

6 I was down there the following Sunday, like  
7 November 28th, same thing, oil on the water. No  
8 collection, it was -- they had the epoxy patch there, but  
9 the oil was coming out of the wall, and I have pictures  
10 in my letter.

11 Shortly after that, they finished the wall.  
12 They poured the cement, they finished the wall. Shortly  
13 after that, there was a fluid coming out of the east side  
14 of the PRC 1, 421-1. That smelled of hydrogen sulfide.  
15 And I reported that. They went down, couldn't find  
16 anything. I finally went down with the Haz Mat team,  
17 about three or four days after the first report. There  
18 was essentially a waterfall coming down over the spot.  
19 This was like two or three weeks after it stopped  
20 raining. This water fall persisted. There was still a  
21 faint H2S smell.

22 It was determined that it was not high  
23 concentration H2S, which would be associated with sour  
24 gas which would be, you know, tens of thousands of PPM,  
25 but it was probably a fairly low number, the one number

1     that might have been read was like .3, which is very low,  
2     but it's still smellable.  And -- but this was with the  
3     waterfall coming down.  The water fall persisted for two  
4     or three weeks.

5             And I finally went back and it had slowed down.  
6     And I took a Ph measurement.  It was like Ph of 8.5  
7     instead of what I would expect, acid.  When you have  
8     hydrogen sulfide and water, you produce sulfuric acid.  
9     And there was no trace of acid, but there was a base,  
10    which to me indicated it probably neutralized the acid  
11    with some base in the water.

12            And since that time, I determined that there's     10-20  
13    a second source of hydrogen sulfide, and it's basically  
14    rotting metal.  The metal is so old, that it rots.  The  
15    technical term is metal -- is metal fatigue or hydrogen  
16    embrittlement.  And tons of rotting steel produced  
17    unknown amounts of hydrogen sulfide gas.

18            So right now, to date, a lot of that steel  
19    inside the pier is rotting away.  I don't think you have  
20    any records of atomic protection.  I can't imagine what  
21    else the hydrogen sulfide was coming from.  The City was  
22    going to take samples of the oil to see what it was,  
23    which basically determined that it was coming from inside  
24    the structure, which the City told me was filled with  
25    sand.

1                   So, I mean, you have a sand structure with some  
2    crumbling, rotting steel piers inside possibly and, you  
3    know, a crumbling cement wall around it. And they're  
4    building a front wall in front of both of them. But, as  
5    you know, it has four walls. I mean, the immediate  
6    structural integrity is really up in the air. It should  
7    be established if those things will survive 12 years  
8    before you do anything to them.

10-21

9                   I will have comments in a letter.

10                  MR. GILLIES: Okay. Thank you.

11                  And do you have anything else? All right.

12                  MS. FRISK: I just want to add to those  
13    testimony, too. I forgot to say that we totally support  
14    the addition of the abandonment provision. Is that going  
15    to be part of the no project or it's going to be no  
16    project and then --

10-22

17                  MR. GILLIES: It's going to be -- what we've  
18    done on other documents is have a strictly no project,  
19    where it's just status quo; but then we are going to have  
20    a no project with abandonment and removal.

21                  MS. FRISK: So two separate ones?

22                  MR. GILLIES: That's two separate no projects.  
23    And then the other alternative about processing on  
24    Elwood. So that's going to be basically the document,  
25    will be the proposed project and the environmental



1 analysis.

2 MS. FRISK: Okay. Another question, since this  
3 is gonna go through that it. And it's kind of  
4 complicated. But somebody else brought up that the  
5 marine terminal lease application went forward, and then  
6 since that lease, at this point, is ahead of this, I'm  
7 assuming there may be some information in that document  
8 that will be pertinent. But the oil is gonna be going  
9 through those tanks that are sitting on University  
10 property. This oil will be going through those tanks to  
11 go to the marine terminal.

12 MR. GREIG: Yes.

13 MS. FRISK: And I know that we recently had a 10-23  
14 problem out there. And that's another aging facility  
15 issue. But will this document deal at all with those  
16 tanks or not?

17 MR. GILLIES: It will deal with the whole  
18 process of where that oil's going. So it will address it  
19 going all the way out to --

20 MS. FRISK: Okay. So there would be -- I  
21 know --

22 MR. GILLIES: We have to consider the whole  
23 infrastructure of producing oil at that facility.

24 (Reporter Interruption.)

25 MS. HORN: The -- both of these environmental

1 documents are in a draft form, so I think we have enough  
2 time to address both projects or the effects of both  
3 projects.

4 MS. FRISK: Right. I'm assuming that the  
5 marine terminal document is supposed to come out actually  
6 in the fall, and I'm assuming -- I know that they're  
7 looking at that issue with the tanks because I know we  
8 talked about that at the scoping hearing as part of that  
9 whole picture. So I'm assuming I'll have that  
10 information from that document, and that -- so this --  
11 but this document will actually incorporate that  
12 information is what I'm hearing?

13 MR. GILLIES: Yeah. If it's been done for the  
14 marine terminal, it's the process we're going through  
15 here, then there -- so that will help in preparing this  
16 document.

17 Any other last-minute questions before we  
18 adjourn the meeting?

19 Okay. Well, I want to thank everybody for  
20 coming and providing your comments. They will be helpful  
21 for us in preparing the document, because we want a  
22 quality document and make sure we cover all the bases and  
23 the sensitive issues.

24 As I mentioned, the schedule, we anticipate a  
25 draft document in winter, and we'll have an opportunity

1 to review it and have public comment on it, as well. And  
2 if you haven't done so, make sure you're on the -- you  
3 signed in so we have record of your appearance. And then  
4 other than that, we'll adjourn this meeting.

5 And then in let's say five minutes or a little  
6 after 5:00, we'll convene the bidders conference. And  
7 the public's welcome to sit in on that if they would  
8 like. But it's mainly gonna be talking to the  
9 consultants as far as their preparing a proposal to  
10 submit to the document.

11 So I would say the meeting's adjourned.

12 Thank you.

13 (4:55 P.M.)

14 ---o0o---

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1 GOLETA, CALIFORNIA; THURSDAY, JUNE 23, 2005;

2 5:10 P.M.

3

4 ---o0o---

5

6 MR. GILLIES: We're going to go ahead and  
7 convene the consultants/bidders conference for this  
8 project. Again, for the record, I'm Eric Gillies with  
9 the State Lands Commission. I'll be project manager on  
10 this project. And let me make sure that we have  
11 everybody.

12 Brenick & Associates. Okay.

13 Entrix Environmental.

14 MS. HORN: She may have left.

15 MR. GILLIES: Oh, she must be right there. Is  
16 that her keys?

17 UNIDENTIFIED SPEAKER: No, sir. No these are  
18 mine. If it's the person sitting here, they left.

19 MR. GILLIES: Okay. Well, they won't be  
20 submitting a proposal, I guess. Or, I mean, we won't  
21 accept it.

22 Marine Research Specialists. I got that item  
23 for you, by the way.

24 UNIDENTIFIED SPEAKER: Thank you.

25 MR. GILLIES: Aspen Environmental Group.

1 Continental Shelf Associates.

2 MR. GREIG: Are they required to be at this  
3 meeting?

4 MR. GILLIES: Yes, it's a requirement.

5 MR. GREIG: What if they thought they didn't --

6 MR. GILLIES: Well, it's in the SOI.

7 Oh. Is Continental Shelf that did not show or  
8 left?

9 AMEC Earth & Environmental.

10 And then Padre.

11 Okay. So as I said -- well, as you are aware,  
12 part of our Statement of Interest said this was a  
13 requirement to attend a public hearing, which I think is  
14 a benefit so everyone knows what the issues are in going  
15 ahead and preparing the document.

16 We sent out the SOI on June 8th and closing  
17 will be July 8th at 2:00 p.m., which is Friday.

18 Basically, I'll go through the process of the  
19 State Lands. Some of you have been through it. Once you  
20 submit your proposals, we'll review them and rank them  
21 one through however many there are. Well, right now we  
22 know there's going to be five, if -- if you submit your  
23 proposal. So we will go one through five, and then we'll  
24 select the top three to interview, and that will be July  
25 the 23rd, which I think was in the schedule of the

1 Statement of Interest.

2 MS. HORN: 28th.

3 MR. GILLIES: 23rd, I thought.

4 MR. GREIG: You said July 23rd at the previous  
5 meeting.

6 MR. GILLIES: Should be in here (indicating).

7 Okay. You're right. July 28th. Thank you.

8 Okay. So July 28th, it will be in the  
9 afternoon, and it will be at the county building. The  
10 selection team will be made up of myself, Nicole Horn  
11 from the County and Rob Malong, of the City of Goleta.  
12 And -- let's see.

13 And then after this conference, if there are  
14 any other questions, you have to direct those to Anabelle  
15 Abeleda. She's in the SOI. And then she would go ahead  
16 and farm out the question to me, and then we can address  
17 it. And if it's a universal question, we would let each  
18 of -- each of the consultants know, if it would affect  
19 other consulting agencies bidding on this project. So  
20 any attempt to contact me or any other staff who would be  
21 working on this would be disqualified. So everything  
22 goes through Anabelle. And then also if you --

23 Yes.

24 UNIDENTIFIED SPEAKER: Does that mean local  
25 staff, as well, or just State Lands Commission staff?

1                   MR. GILLIES: I would -- local staff, as well,  
2     because they're gonna be working on the document.

3                   MS. HORN: But if you --

4                   MR. GILLIES: It's just a general --

5                   MS. HORN: If you want to come look at the  
6     documents, we have like the application on file in our  
7     office, so you could come look at that at our office.

8                   MR. GILLIES: Yeah.

9                   UNIDENTIFIED SPEAKER: So just no project  
10    questions, then?

11                  MR. GILLIES: Yeah. And then we have materials  
12    at Long Beach, application materials that are available.

13                  Yes.

14                  UNIDENTIFIED SPEAKER: Just a note on that. I  
15    tried a few times to send the application there, and I  
16    think there was some confusion. They kept referring me  
17    to the NOP. And so I didn't get a chance to do --

18                  MR. GILLIES: James, who put -- remembered this  
19    app. And he came into the office. And it's just to  
20    review the application that we received from Venoco and  
21    any application materials?

22                  MR. HEMPHILL: Okay. I guess -- I guess we got  
23    the wrong --

24                  UNIDENTIFIED SPEAKER: Yeah. They were very  
25    polite, but --

1                   MR. HEMPHILL: Yeah. It went to Mark Leclaire,  
2                   and then he thought it was the NOP was what the request  
3                   was. But the application itself we did have in Long  
4                   Beach. I apologize.

5                   UNIDENTIFIED SPEAKER: Yeah. It's okay. Just  
6                   for future reference, though.

7                   MR. HEMPHILL: Yes.

8                   UNIDENTIFIED SPEAKER: Because I --

9                   MR. HEMPHILL: No. We have a copy of the  
10                  application, Venoco's application at Long Beach, yes.

11                  MR. GILLIES: Were you able to finally review  
12                  it?

13                  MR. HEMPHILL: We never got --

14                  UNIDENTIFIED SPEAKER: (Shakes head.) All  
15                  we --

16                  MR. GILLIES: All right. Well, I have it in my  
17                  office.

18                  UNIDENTIFIED SPEAKER: That -- one more  
19                  question. That prohibition is the team, you, Rob and  
20                  Nicole. It doesn't extend to other projects, for  
21                  example, the Elwood Marine Terminal Project?

22                  MR. GILLIES: No. Because we're not working on  
23                  that. Or at least I'm not working on that.

24                  UNIDENTIFIED SPEAKER: Okay.

25                  MR. GILLIES: And then -- and then as far as



1 any questions on the DVB, you can direct those to  
2 Anabelle and the requirements there. And we ask that you  
3 read the SOI thoroughly because we are really sticklers.  
4 If it says no more than 50 pages, if it comes in at 55,  
5 we stop at 50. So if there's something important on 53,  
6 we may not read it because it's just -- we don't want to  
7 have lengthy proposals.

8 And then once we interview the top three  
9 consultants, then we'll pick the top one that we feel is  
10 best qualified and review their cost sheets, and then we  
11 may -- depending on the costs, we can negotiate costs.  
12 But the scope of the -- of the project, the scope would  
13 remain the same. There maybe some fudging, but the scope  
14 will be -- remain, but the costs may be adjusted.

15 And then if -- if in the past if your firm has  
16 worked with Venoco, we have a conflict of interest  
17 policy. So if anybody has any -- has worked for Venoco  
18 in the past or the firm has, they should let me know --  
19 or let us know, that way we could check if there's any --  
20 any possibility of conflict of interest, because then, if  
21 there is, then we don't want you to prepare a proposal  
22 that we wouldn't accept.

23 UNIDENTIFIED SPEAKER: So, Eric, we can contact  
24 you on that specific issue?

25 MR. GILLIES: No. Go through Anabelle.

1 Everything goes through Anabelle. And, actually, she --  
2 she probably could better talk about what would be a  
3 conflict of interest.

4 And then basically that's it. Once we  
5 negotiate the price, get the contract, and then start the  
6 project with a kickoff meeting with Venoco, do a site  
7 visit, and then get all the materials to you, and then  
8 proceed with the -- the schedule. So basically that's  
9 our process in a nutshell.

10 If there are any questions --

11 Yes.

12 UNIDENTIFIED SPEAKER: Assuming that a  
13 different firm than MRS is selected. But would the  
14 administrative materials be available to the other  
15 consulting firm if, for example, the administrative draft  
16 is delayed on that project? So, for example, you start  
17 working on this EIR, MRS has this informed administrative  
18 draft. Will that be available to the consultant on this  
19 project to utilize?

20 MR. GILLIES: No. The administrative draft  
21 will just be between us and the consultant.

22 UNIDENTIFIED SPEAKER: So even though the  
23 project you're going for the consultant on this won't  
24 have access to administrative materials and will have to  
25 wait till publication of the public draft to get access?

11-01

1 MR. GILLIES: I am not understanding.

2 MR. GREIG: He's asking --

3 UNIDENTIFIED SPEAKER: Right. The draft, the  
4 lease extension of the draft of the marine terminal going  
5 together.

6 Is there going to be sharing of the information  
7 between the consulting firms?

8 MR. GILLIES: Oh, I see what you're saying.

9 UNIDENTIFIED SPEAKER: Yeah. To make sure  
10 you're consistent.

11 MR. GILLIES: So you're looking at materials  
12 from -- we would have to see, you know, specific  
13 information. We wouldn't --

14 UNIDENTIFIED SPEAKER: Or, conversely, if a  
15 different firm is selected for this and MRS is going  
16 forward with the draft and there's new information for  
17 this, will they be able to access materials from this  
18 consulting firm that's doing the EIR?

19 MR. GILLIES: We would have to coordinate that.  
20 I would coordinate with the project manager and see what  
21 information is relevant to both of them and make it  
22 available for the firms. We want the best available  
23 information. We don't want to be redundant.

24 UNIDENTIFIED SPEAKER: Or inconsistent.

25 MR. GILLIES: Yeah. Or inconsistent. Correct.

1                   Yes. But the actual draft, we aren't gonna  
2 hand you that. We would just -- you know, specific  
3 information, if we feel that's covered in that document,  
4 then we will specifically ask for that.

5                   Any other questions?

6                   UNIDENTIFIED SPEAKER: I haven't had the  
7 opportunity to actually fully read this or see the  
8 project application, but since one of the big concerns is  
9 the integrity of the existing structures, has there been  
10 an analysis of that provided in the application?

11                  MR. GREIG: There's been some -- there's some  
12 information available that would -- but there's --

13                  MS. HORN: There is a plan for repair.

14                  MR. GREIG: In both.

15                  MS. HORN: In both.

16                  UNIDENTIFIED SPEAKER: A plan for repair?

17                  MR. HEMPHILL: The No. 2 was approved by the  
18 State Lands Commission staff before constructing. We've  
19 looked at it since it's been constructed. The first  
20 actual inspection of that will not occur till next  
21 summer. Next summer, postconstruction and the actual  
22 inspection. They did follow -- we had inspectors there  
23 and engineers there during the construction, and they  
24 followed the procedures. So we don't see where there's  
25 any problem with the structure on No. 1.

11-02

1                   No. 2, they have said in the proposal that they  
2     will construct in a manner similar to No. 1, but it's  
3     no -- no project has been approved for that yet.

4                   MR. GILLIES: I'm just looking to make sure  
5     I've got everything covered.

6                   Anymore questions?

7                   UNIDENTIFIED SPEAKER: With respect to this     11-03  
8     concept of having a no project, just status quo, leave  
9     the thing in place, the existing structures and then have  
10    an abandonment as an alternative, being that the project  
11    duration is relatively short, have you considered that  
12    the abandonment of the structure should also be  
13    considered in the base part of the draft, in the  
14    environmental review, so it's all considered one project  
15    or --

16                  MR. GILLIES: For -- let's say in the project  
17    goes through and they abandon it after 10 or 12 years?

18                  UNIDENTIFIED SPEAKER: Right.

19                  MR. GILLIES: No. We would probably do a  
20    separate analysis because the document -- the life span  
21    of the document's usually five years. So we would have  
22    to relook at it when it comes to that time, and then  
23    would probably do another CEQA analysis on the  
24    abandonment and removal.

25                  UNIDENTIFIED SPEAKER: I understand.

1 Although -- although if the project does go through, you  
2 still have to do the abandonment eventually, which will  
3 require another CEQA document. So I am just a little  
4 bit -- you know, I'm thinking about it, 'cause you just  
5 mentioned it, and I guess I'll think about it some more  
6 and see what we say in the proposal.

7 MR. GILLIES: Okay. Yeah. We'll see how we'll  
8 handle it in the document. When we get the consultant on  
9 board, you know, we'll have go through that.

10 UNIDENTIFIED SPEAKER: There was a statement 11-04  
11 from a member of the public earlier that the lease runs  
12 out in 2013. My understanding was that the marine  
13 terminal lease runs out in 2016. Could you clarify that  
14 just so we all are working from the same game plan here?

15 MR. GILLIES: James.

16 MR. GREIG: Yeah. There's the offshore  
17 lease -- the offshore portion of the lease is -- there's  
18 two leases. We have a lease with the State Lands for the  
19 offshore portion, and we have a lease with the University  
20 for the onshore portion. The University's lease expires  
21 in 2016. The State Lands lease expires in 2013, which is  
22 the offshore portion. Any lease is renewable or there  
23 can be an application made for renewal. So -- you have  
24 an opportunity to do that. It's a lease. That's not an  
25 issue -- problem.

1 UNIDENTIFIED SPEAKER: Okay.

2 MR. GILLIES: Okay. All right.

3 Oh, yes.

4 UNIDENTIFIED SPEAKER: And other than the  
5 review of admin drafts, for example, how -- how will the  
6 City and the County be involved?

11-05

7 MR. GILLIES: We will be doing a  
8 confidentiality agreement with them, and so we will be  
9 doing drafts, as well. So they're --

10 MS. HORN: And at this point I represent both  
11 the City and the County. When we come back to do the  
12 actual interview with the consultants, then we'll have a  
13 City representative there. And what I do for the City is  
14 also reviewed by their own supervisors and board of  
15 directors. So it kind of comes from me and then gets  
16 split out. It has expert approval, supervisor approval.

17 MR. GILLIES: So when you prepare -- when the  
18 hired consultant prepares the -- the admin draft, they  
19 will be reviewing it, too. So the comments will be  
20 through me, and then everything will be funneled through  
21 me.

22 UNIDENTIFIED SPEAKER: So it will be  
23 consolidated?

24 MR. GILLIES: Yeah.

25 All right. If no one has any other questions

1 on the process, that's where we are.

2 Thanks for correcting me, Nicole. It's  
3 July 28th. Because we've already said set up the place  
4 and the time. It will be the afternoon, I think 1:00 to  
5 4:00. And then the close -- to get your submit -- your  
6 proposal in -- let me make sure that's right -- July 8th  
7 or --

8 MS. HORN: Yeah, July 8th.

9 MR. GILLIES: July 8th at 2:00 p.m.

10 Okay. This conference is adjourned. Thank you  
11 for coming.

12 (5:25 P.M.)

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1 GOLETA, CALIFORNIA; THURSDAY, JUNE 23, 2005;

2 6:10 P.M.

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5

6 MR. GILLIES: Well, welcome to PRC 421  
7 Recommissioning Project, Notice of Preparation Hearing.  
8 The sign-in sheet's over there. I saw you signed in.  
9 Thank you. Speaker slip -- well, I'm not even going to  
10 say speaker slips. If you have something to say, you  
11 know, we're open. It's going to be real informal.

12 I'm Eric Gillies. I'm the project manager --  
13 or I'm an environmental scientist with the California  
14 State Lands Commission, and I'm the project manager on  
15 this project for the environmental document.

16 The State Lands Commission is the lead agency  
17 under the California Environmental Quality Act or CEQA.  
18 We are working closely with the County of Santa Barbara  
19 and the City of Goleta. They will be the responsible  
20 agencies. We're going to be working closely with them  
21 and we're going to be working with Nicole Horn, who was  
22 here at the 4 o'clock meeting, and we'll be working on  
23 this document.

24 The scope of the meeting will be to go through  
25 the project, the scoping projects, and actually -- and

1     then I'll have Steve Greig, who represents Venoco, do a  
2     project description, an overview of the project.

3             We are transcribing this meeting to make sure  
4     we accurately document any comments on the -- on the  
5     project. And so that's -- this is really informal. So  
6     if you have any questions, ask us at any time.

7             We published the Notice of Preparation  
8     June 3rd. We sent it to the State clearinghouse,  
9     submitted it to the State clearinghouse, State and  
10    Federal agencies, interested parties, and the notice was  
11    published in the local newspapers, The Valley Voice and  
12    the Santa Barbara News-Press. And the closing comments  
13    is Tuesday, July 5th. And if you don't provide written  
14    comments today or speak on the project today, you have  
15    till the 5th to send your comments, either a letter or we  
16    also accept your comments in e-mail, if that's convenient  
17    or easier for you.

18            After the NOP process, we will go through the  
19    consultant selection process to hire a consultant to help  
20    prepare the document. We'll have interviews on  
21    July 28th. We'll review the proposals right then, we  
22    will interview the top three and then get them on board,  
23    most likely in August. We'll have the draft  
24    Environmental Impact Report probably to the public for  
25    circulation for 45 days, end of this year, beginning of

1 next year. And then we'll have another meeting, most  
2 likely here, this is a good venue, to get other public  
3 comment on that document.

4 And then once we get the comments, we'll  
5 respond to comments and prepare a Final Environmental  
6 Impact Report and send that to the -- send those to the  
7 proper people and then we would take this project to the  
8 Commission in either April or June for consideration.  
9 And basically that was the process we are going to be  
10 going through.

11 And I would ask if there are any questions as  
12 far as the process.

13 MS. GEPHARDT: (Gestures.)

14 MR. GILLIES: Yes.

15 MR. GREIG: Can you state your name and then  
16 that will help the reporter.

17 MS. GEPHARDT: My name is Kathy Gephardt. And  
18 I don't know that I've ever talked with scientists  
19 before, so I'm not knowing what to call you, Mr. Gillies.

20 MR. GILLIES: Eric is fine.

21 MS. GEPHARDT: Eric. Okay. Can you tell me a 12-01  
22 little bit about how you select consultants, what their  
23 background is? Are they State Lands employees? Are  
24 they -- do they have to have certain criteria,  
25 specialties?

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22 little bit about how you select consultants, what their  
23 background is? Are they State Lands employees? Are  
24 they -- do they have to have certain criteria,  
25 specialties?

1       have them proceed with the -- preparing the document.

2                   And then I guess if there's no other questions,  
3       we'll -- Greig -- I mean, Steve -- the first two names  
4       kind of --

5                   MR. GREIG: I know. I mess everybody up.

6                   MR. GILLIES: Steve Greig will present.

7                   MR. GREIG: Kathy, this is -- the project is to  
8       return this particular lease, which is -- is still -- it  
9       is available from these two wells on these two piers.  
10       It's the Elwood lease. The piers are the last two  
11       remaining piers of dozens of these that go along the  
12       coast. They've been there since about 1928.

13                   MS. GEPHARDT: I'm familiar with them. I've  
14       walked on them.

15                   MR. GREIG: Okay. Great. Well, the project  
16       essentially is to -- the way they used to be configured,  
17       there was a pumping unit on this pier, it came over to a  
18       separation vessel on this pier, the oil and gas and water  
19       were separated, the water went into a storage tank that  
20       was on this pier, the oil went into a six-inch line that  
21       ran up into this -- along this area, into the line that  
22       runs from the Elwood onshore facility over to the marine  
23       terminal.

24                   This project, we would be, instead of putting  
25       the old aboveground pumping unit that used to be on that

1 pier, we would put in electric submersible pumps,  
2 essentially you put your pumping mechanism down below the  
3 well. So it keeps the top of this pier break clean,  
4 there's not a lot of big equipment on there. It sends  
5 the oil and water and gas up through the well bore, there  
6 will be two separate or -- separators on this pier. One  
7 will separate the oil and water from the gas, the other  
8 one will separate the water from the oil.

9 The oil will then go back into a new line that  
10 would be sleeved through that existing six-inch line. So  
11 the project is to put in a two-inch line in that existing  
12 six-inch line. And that will send the oil into Line 96  
13 and off to the marine terminal.

14 MS. GEPHARDT: On Hollister?

15 MR. GREIG: Right. Where it goes in.

16 MS. GEPHARDT: Line 96?

17 MR. GREIG: Line 96, correct.

18 The water and the gas would be recombined and  
19 injected into this well at the 421-1 pier.

20 MS. GEPHARDT: So what about capturing fumes 12-02  
21 and odors?

22 MR. GREIG: This -- these are completely  
23 self- -- they are contained vessels, they're pressure  
24 vessels. So everything would go -- any gas that  
25 wasn't -- this is two things. There's a --

1 (Reporter interruption.)

2 MR. GREIG: It's a sweet reservoir, so there's  
3 no hydrogen sulfide in the production. The -- and it  
4 makes very little gas. So the small amount of gas that  
5 would be produced would be recombined with the water and  
6 be injected down the hole.

7 MS. GEPHARDT: No use of chillers?

12-03

8 MR. GREIG: Correct. It's a very high-quality  
9 oil. It's pretty easy to separate from the water. And  
10 we don't need to put any -- it's -- essentially it's a  
11 gravity separation.

12 The other part of this will be to install  
13 electrical cable so that we can run this electric  
14 submersible pump. And that will go in a trench along our  
15 existing road right-of-way, and then to -- we can have it  
16 available for use at that pier.

17 MS. GEPHARDT: And the oil would be transported  
18 from the marine terminal?

12-04

19 MR. GREIG: Yes. Yeah. It will combine with  
20 the -- the production from Platform Holly and go down  
21 Line 96 through the marine terminal up to the pump, which  
22 is exactly how it was handled up until 1994.

23 MS. GEPHARDT: So --

24 MR. GILLIES: Okay. And now we're going to go  
25 ahead and open it to the comment -- the public comment

1 period. So if you -- the focus is basically what issues  
2 you want us -- and concerns you want us to make sure we  
3 address in the Environmental Impact Report. So if you  
4 have some concerns that you want to see us address, then  
5 provide them to us now or -- or send them in a letter.

6 And, I think, David, you had something to add  
7 from --

8 MR. SANGSTER: Yeah. I spoke earlier. David 12-05  
9 Sangster. I have a question about the actual map of the  
10 421 lease, 'cause I'm concerned about the seawall, which  
11 is basically deteriorating in that area. It would be  
12 possibly interesting to put that in with the project as  
13 an alternative.

14 And there's also the possible consideration for 12-06  
15 mitigation for the actual project. If the seawall is  
16 within their lease boundaries, partial mitigation of some  
17 of the impacts of the project could be taken care of by,  
18 you know, removing that seawall.

19 So there's those two concerns or questions.  
20 I'm not sure where this -- the property lines are, the  
21 lease lines are.

22 MR. GILLIES: Do you know where the lease  
23 boundary is for this or -- it's just an oil and gas  
24 lease; right?

25 MR. HEMPHILL: Oil and gas lease, and the two



1 piers are within the oil and gas lease.

2 MR. SANGSTER: That's PRC 421.

3 MR. GILLIES: This is -- PRC 421 lease area is

4 much larger, yes.

5 MR. SANGSTER: So that would be sort of --

6 MR. GREIG: The lease ends at --

7 MR. SANGSTER: No. I am talking east and west

8 of the seawall, which extends to the east of these two

9 piers. It's no longer in service, and it's falling

10 apart. I mean, all these wooden beams are essentially

11 destroying Isla Vista and Goleta Beach because they get

12 falling off in high tides.

13 MR. GILLIES: So you want to see if those are

14 in the lease boundaries?

15 MR. SANGSTER: If those are in the lease

16 boundaries, potentially for mitigating --

17 MR. HEMPHILL: Are these the ones that have

18 just recently become exposed?

19 MR. SANGSTER: They've been exposed for years.

20 It's just falling apart.

21 MR. GREIG: Just -- there used to be a road

22 that ran from this location all the way to the marine

23 terminal.

24 MR. HEMPHILL: Okay.

25 MR. GREIG: And that -- it was a road that was

1 put in in the '20s. And I think probably the last time  
2 it was used was probably sometime in the '50s.

3 MR. SANGSTER: Well, this whole section's  
4 missing, so it didn't go very far.

5 MR. GREIG: I think that's what David's talking  
6 about.

7 MR. HEMPHILL: Okay.

8 MR. SANGSTER: State Lands had a project to  
9 remove that, The Coastal Commission, they get approval,  
10 then the State Lands didn't have the money to --

11 MR. GILLIES: Yeah. But that's in the Santa  
12 Barbara Hazard Removal Program.

13 MR. SANGSTER: Right. No money.

14 MR. HEMPHILL: We're still applying for money.  
15 We keep -- every year we put in for more money. So we  
16 will get it one day.

17 MR. SANGSTER: In the meantime, you lose Isla  
18 Vista and Goleta Beach. I mean, a lot of that erosion  
19 has been accelerated by the presence of these huge beams  
20 that have spikes in them. You know, the plows, the  
21 winter profile exposes the base of the cliff and  
22 mechanically gouges the base of the cliff. It's  
23 essentially in Isla Vista or the Santa-Goleta Beach. It  
24 would solve several problems by -- and save a lot of  
25 money, I think.

1                   MR. HEMPHILL: We attempt to do that every  
2   year. We agree.

3                   MR. GILLIES: And we've actually gotten some  
4   private funding, and we've removed some -- 2 -- 2 of  
5   those 21 hazards, I believe.

6                   MR. SANGSTER: Yeah. I noticed the private  
7   funding.

8                   MR. GILLIES: And we're actually working with  
9   Exxon-Mobil for that Goleta Beach.

10                  MR. HEMPHILL: Right.

11                  MR. GILLIES: So we're still -- the program is  
12   still --

13                  MS. GEPHARDT: Would State Lands mitigate the  
14   impacts of a Venoco project?

15                  MR. HEMPHILL: This is a State Lands project.  
16   It's not --

17                  MS. GEPHARDT: This is a State Lands project?

18                  MR. HEMPHILL: The hazard Removal Program is a  
19   State Lands project.

20                  MS. GEPHARDT: So Venoco is known as what in  
21   this transaction?

22                  MR. HEMPHILL: They have no association with  
23   it.

24                  MR. GREIG: Which project are you talking  
25   about?

1                   MR. HEMPHILL: The Hazard Removal Project.

2                   MS. GEPHARDT: Well, I thought he was

3                   suggesting it would be a mitigation for the impacts of

4                   the 421 project.

5                   MR. SANGSTER: If it's on the lease property.

6                   MS. GEPHARDT: If it's on the lease property,

7                   yeah.

8                   MR. GILLIES: What David's saying, if that is

9                   on the lease property, for approving this project, that

10                  mitigation could be put to remove those, if it's within

11                  the lease boundaries, would make it, you know, a

12                  mitigation.

13                  MS. GEPHARDT: Thank you. I got it now.

14                  MR. GILLIES: But I don't know. Yeah, I'm not

15                  sure if that hazard goes into the PRC 421.

16                  MR. HEMPHILL: I am not sure. We could check.

17                  MR. SANGSTER: The road used to service 12 --

18                  or a dozen wells in the past, though I am not sure which

19                  of those wells were in 421.

20                  MR. GILLIES: I think there was only 3 wells in

21                  421.

22                  MR. GREIG: And it's a question of liability of

23                  the wells, what we've -- you know, through the years the

24                  property has transferred several times.

25                  MR. SANGSTER: Yeah. That's why -- I don't

1 know if there are maps of the leased properties'  
2 boundaries. That's an open question.

3 MR. GILLIES: I think 421 originally, when it  
4 was built, was 3 piers on just --

5 MR. SANGSTER: Including bird island, right.

6 MR. GILLIES: Yeah. Actually, bird island is  
7 the head of the pier of --

8 MR. GREIG: 421-1.

9 MR. GILLIES: Any other comments or questions?

10 MS. GEPHARDT: I'll submit them in writing.

11 MR. GILLIES: Okay. Great. Just to remind  
12 you, the -- july 5th is the close of that. So get them  
13 in before that.

14 And we'll go ahead and close the meeting. And  
15 thank you for coming and thank you for your comments.

16 And meeting's adjourned.

17 (6:25 P.M.)

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